

ASSEMBLY BILL

No. 1276

Introduced by Assembly Member Feuer

February 18, 2011

An act to amend Section 24343.2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1276, as introduced, Feuer. Net income: deduction: nondiscrimination.

The Corporation Tax Law prohibits deductions for a club, as defined, that restricts membership or the use of its services or facilities on the basis of ancestry or other characteristics, as specified.

The bill would make a technical, nonsubstantive change to this provision.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 24343.2 of the Revenue and Taxation
- 2 Code is amended to read:
- 3 24343.2. Whereas, the people of the State of California desire
- 4 to promote and achieve tax equity and fairness among all the state's
- 5 ~~citizens~~ residents and further desire to conform to the public policy
- 6 of nondiscrimination, the Legislature hereby enacts the following
- 7 for these reasons and for no other purpose:
- 8 (a) No deduction shall be allowed under Section 24343 for
- 9 expenses incurred by a taxpayer with respect to expenditures made

1 at, or payments made to, a club which restricts membership or the
2 use of its services or facilities on the basis of ancestry or any
3 characteristic listed or defined in Section 11135 of the Government
4 Code.

5 (b) A club described in subdivision (a) holding an alcoholic
6 beverage license pursuant to Division 9 (commencing with Section
7 23000) of the Business and Professions Code, except a club holding
8 an alcoholic beverage license pursuant to Section 23425 thereof,
9 shall provide on each receipt furnished to a taxpayer a printed
10 statement as follows:

11 “The expenditures covered by this receipt are nondeductible for
12 state income tax purposes or franchise tax purposes.”

13 (c) For purposes of this section:

14 (1) “Expenses” means those expenses otherwise deductible
15 under Section 24343, except for subdivision (a), and includes, but
16 is not limited to, club membership dues and assessments, food and
17 beverage expenses, expenses for services furnished by the club,
18 and reimbursements or salary adjustments to officers or employees
19 for any of the preceding expenses.

20 (2) “Club” means a club as defined in Division 9 (commencing
21 with Section 23000) of the Business and Professions Code, except
22 a club as defined in Section 23425 thereof.